

Message Text

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ORIGIN NEA-13

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 SAM-01 AID-20 COME-00

EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 ABF-01 INT-08 HEW-08 AGR-20 STR-08

CEA-02 IGA-02 (ISO) R

DRAFTED BY NEA/INS:DWBORN:L/NEA:ATBROWN:AM

APPROVED BY NEA/INS:LBLAINGEN

AID/ASIA:JCOLES

M/FRM/FM:RWHITENER

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

INFO AMEMBASSY KATHMANDU PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: RUPEES: DISBURSEMENTS AFTER RUPEE AGREEMENT

REF: (A) NEW DELHI 1750; (B) BROWN/GAASERUD MEMO, 2/7

SUMMARY: YOU SHOULD MAXIMIZE OUR USE OF THE 186 MILLION
IN THE TRANSITION ACCOUNT AND LIMIT DRAW DOWN FROM
190 MILLION IN THE COOLEY ACCOUNT TO THE FULLEST
EXTENT POSSIBLE DURING THE PERIOD BEFORE JUNE 30. END
SUMMARY.

1. OUR BASIC GOAL IS TO MAXIMIZE OUR USE OF THE 186

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MILLION RUPEES IN THE TRANSITION ACCOUNT, PRESERVING TO

THE FULLEST EXTENT POSSIBLE THE RS. 190 MILLION TO SWELL THE COOLEY ACCOUNT FOR EXPENDITURES IN FY 1975 AND FOLLOWING YEARS.

2. WE NEED THE COOLEY ACCOUNT TO MEET COMMITMENTS IN PL-480 RUPEES AFTER JUNE 30, 1974. ALL IT WOULD TAKE IS, SAY, A SIMPLE DEVALUATION TO KNOCK ALL OUR CALCULATIONS OUT AND LEAVE US WITH INSUFFICIENT PL-480 RUPEES TO MEET THE VARIOUS PROGRAMS REQUIRING SUCH RUPEES IN FY 75 AND 76. WE BELIEVE WE MUST PRESERVE FULL PROGRAMMING FLEXIBILITY WITHIN THE OVERALL FINANCIAL LIMITS.

3. HOWEVER, WE RECOGNIZE THAT THERE IS A NEGOTIATING HISTORY HERE. WE ARE NOT CERTAIN EXACTLY WHAT LISTS OF USES WERE GIVEN THE INDIANS EITHER IN WRITING OR ORALLY CONCERNING THE TRANSITION AND COOLEY ACCOUNTS. OUR LISTS OF COMMITMENTS WERE, OF COURSE, BEST ESTIMATES ONLY.

4. IF WHAT YOU HAVE TOLD THE INDIANS LEADS YOU TO BELIEVE THEY PERCEIVE LIMITATIONS ON OUR ABILITY TO PROGRAM USG EXPENDITURES WITHIN THE TWO ACCOUNTS WITH FULL FLEXIBILITY, WE BELIEVE IT IMPORTANT THAT GOI BE INFORMED BEFORE AGREEMENT SIGNED THAT NUMBERS USED DURING NEGOTIATIONS WERE ESTIMATES ONLY.

5. AS A SEPARATE CONSIDERATION, DUE TO THE RELATIVELY SMALL MARGINS SHOWN IN REF B MEMO, IT WOULD BE DESIRABLE TO RELY TO GREATER EXTENT ON TRANSITION ACCOUNT FOR USG EXPENDITURES BEFORE JULY 1, 1974. THEREFORE WE BELIEVE IT DESIRABLE FOR FBO EXPENDITURES AND RUPEES FOR NEPAL MIGHT BE TAKEN FROM THE TRANSITION ACCOUNT. WE LEAVE IT TO YOUR DISCRETION AS TO WHETHER GOI SHOULD BE APPROACHED ON THIS SUBJECT BEFORE SIGNING. THE AGREEMENT CAN BE READ TO PERMIT SUCH EXPENDITURES, BUT, AS INDICATED ABOVE, WE ARE NOT CLEAR ON NATURE OF NEGOTIATING HISTORY.

6. IN SUM, WE CAN ACCEPT YOUR RECOMMENDATIONS (PARA 6 AND 7 REFTL) ONLY IF THE NEGOTIATING HISTORY WOULD PREVENT US FROM DRAWING THE EXPENDITURES LISTED IN PARA LIMITED OFFICIAL USE

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7 FROM THE 186 MILLION IN THE TRANSITION ACCOUNT. KISSINGER

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Disposition History: n/a
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Disposition Remarks:
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